

United States Government Stewardship Information for the Year Ended September 30, 1999 (Unaudited)

Stewardship Assets

The Federal Government holds “Stewardship assets” for the benefit of the Nation. Because the Government has been entrusted with, and made accountable for, these resources and responsibilities, they are recognized in the *Financial Report of the United States Government*.

When acquired, “Stewardship assets” are treated as expenses in the financial statements. This section provides more detailed stewardship information on these resources to highlight their long-term benefit and to demonstrate accountability. This information facilitates the understanding of the operations and financial condition of the Government.

National Defense Assets

National defense property, plant and equipment consist of: (1) assets owned by the Department of Defense in the performance of military missions, such as combat operations, peacekeeping and support of civilian authorities during civil emergencies; and (2) vessels held in a preservation status by the Maritime Administration’s National Defense Reserve Fleet.

“National defense assets” are defined in terms of four categories:

Weapons systems—equipment that launches, releases, carries, or fires a particular piece of

ordnance and/or carries weapons systems-related property, equipment, materials, or personnel. Examples include aircraft, ships, tracked combat vehicles and missiles.

- Weapons systems support principal end items—items that are acquired to support weapons systems and may ultimately be incorporated in weapons systems. Examples include aircraft engines, tank engines, aircraft radars, ship sonar, uninstalled missile motors, gun mounts and guidance systems.

- Mission support equipment—deployable equipment that: (1) is essential to the effective operation of a weapons system or is used by the military departments to effectively perform their military missions; (2) has an indeterminate or unpredictable useful life due to the manner in which it is used; and (3) is at a very high risk of being destroyed during use or of premature obsolescence.

National Defense Assets, cont.

Examples include: surveillance unmanned air vehicles, non-tactical vehicles (e.g., fuel tankers, combat operations centers, mess vehicles), field meteorological systems, cryptography systems, and field security systems.

Weapons systems support real property—facilities and structures affixed to the land that are integral to a weapons system. Examples include

ammunition bunkers in active use and missile silos in active use.

The accompanying “National defense asset” information does not report quantities of mission support equipment although the annual investments in these items are reported.

The investment amounts in “National defense assets” presented in this report reflect the sum of annual investment amounts reported by

each military department. DOD does not currently have cost accounting systems that capture the full costs, as described in Statement of Federal Financial Accounting Standards (SFFAS) No. 4 associated with “National defense assets.” Therefore, the annual investments shown in this report represent annual disbursements for each category of “National defense assets.”

National Defense Assets

(In number of systems or items)	Restated* Balance as of September 30, 1998	Additions	Deletions	Balance as of September 30, 1999
Aircraft:				
Combat	8,660	52	351	8,361
Airlift	6,059	23	148	5,934
Other aircraft	3,740	67	247	3,560
Ships:				
Submarines	123	1	7	117
Aircraft carriers	18	-	-	18
Surface combatants	269	26	13	282
Amphibious warfare ships	83	-	7	76
Mine warfare ships	38	1	-	39
Support ships	241	6	33	214
Other ships	3,921	55	229	3,747
Combat Vehicles:				
Tracked	44,522	328	684	44,166
Wheeled	140,376	1,596	-	141,972
Towed	7,044	-	78	6,966
Other combat vehicles	12,744	829	19	13,554
Guided, Self-propelled Ordnance:				
Missiles	453,056	18,094	6,832	464,318
Torpedoes	8,486	216	29	8,673
Space Systems:				
Satellites	78	8	1	85
Weapons Systems Support Real Property:				
Active ammunition bunkers	23,468	398	756	23,110
Active missile silos	993	1	158	836
Active satellite ground stations	81	-	-	81
Reserve Fleet Vessels	n.a.	n.a.	n.a.	144

*The balances as of September 30, 1998, have been restated to reflect changes from previous year's reporting.

n.a. = Not available

Investments in National Defense Assets for the Period Ended September 30, 1999

(In millions of dollars)

Aircraft:

Combat	6,901
Airlift	4,354
Other aircraft	2,662
Aircraft support principal end items	1,387
Other aircraft support property, plant and equipment	1,418

Ships:

Surface combatants	3,591
Submarines	1,409
Ship support principal end items	852
Aircraft carriers	823
Amphibious warfare ships	581
Support ships	371
Mine warfare ships	73
Other ships	30
Other ship support property, plant and equipment	6

Combat Vehicles:

Combat vehicle support principal end items	1,199
Tracked	354
Wheeled	261
Other combat vehicles support property, plant and equipment	1

Guided, Self-propelled Ordnance:

Missiles	1,299
Guided, self-propelled support principal end items	815
Guided, self-propelled ordnance support property, plant and equipment	245
Guided, self-propelled ordnance support	34
Torpedoes	70

Space Systems:

Satellites	1,438
Space systems support principal end items	558

Weapons systems support real property:

Active ammunition bunkers	19
General mission support property, plant and equipment	5,274

Other:

Other weapons systems	115
Other weapons systems support principal end items	37
Other weapons support property, plant and equipment	62

Reserve fleet vessels

Total investments in national defense assets for fiscal year ended September 30, 1999	<u>38,144</u>
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Stewardship Land

“Stewardship Land” refers to federally owned land that is not used, or held for use, in “General Government” operations. This category includes land on which military bases are located. This category excludes lands administered by the Bureau of Indian Affairs and held in trust.

Most Stewardship land is “public domain.” Between 1781 and 1867, the Government acquired acres of land equal to 79.4 per cent of the current acreage of the United States, spending a total of \$85.1 million.

United States Government Stewardship Land as of September 30

(In millions of acres)	Predominate Use	Acres	Percentage
Agency:			
Bureau of Land Management	Public land	264.2	40.9
U.S. Forest Service	National Forest system	192.0	29.8
U.S. Fish and Wildlife Service	National Wildlife Refuge system	88.6	13.7
National Park Service	National Park system	77.9	12.1
Department of Defense	Defense facilities	16.7	2.6
Bureau of Reclamation	Water, power and recreation	5.8	0.9
Total acres		<u>645.2</u>	<u>100.0</u>

Bureau of Land Management

The Department of the Interior’s Bureau of Land Management (BLM) manages 264.2 million acres of federally owned land. Congress has charged the Bureau with maintaining this land and its resources to best serve the present and future needs of the American people. To ward this end, BLM manages these lands to allow for a combination of uses including mineral development, outdoor recreation and natural habitat. Some BLM lands are protected and used for their scenic, scientific or historical value. The following table describes those holdings.

Bureau of Land Management Public Lands as of September 30

	Number	Acreage (in thousands)	Miles
National wild and scenic river segments	34	998	2,038
National wilderness areas	136	5,243	-
Wilderness study areas	622	17,298	-
National conservation areas	8	11,692	-
National scenic areas	1	101	-
National recreation areas	1	1,000	-
National historic trails	8	-	3,533
National scenic trails	2	-	568
National recreation trails	26	-	429
Outstanding natural areas	1	-	-
Herd management areas	200	36,070	-
National monuments	1	1,880	-
Areas of critical environmental concern	740	13,112	-
Research natural areas	152	347	-
National natural landmarks	43	599	-
National back country byways	64	-	3,518
Globally important bird areas	2	57	-
National "multiple use" lands	-	175,775	-
BLM total	<u>2,041</u>	<u>264,172</u>	<u>10,086</u>

U.S. Forest Service

The U.S. For est Ser vice man ages 192.0 mil lion acres of fed er ally owned lands for the sus tained use of out door rec re ation, range, tim ber, wa ter shed, wild life and fish.

For est land con tains 155 named Na tional For ests to tal ing 153.0 mil lion acres.

The For est Ser vice re for ested 267,013 acres pri mar ily with ge net i cally im proved seed lings in fis cal 1999.

Wil der ness land con tains 34.8 mil lion acres in 38 states and is served by 133,087 miles of trails.

The U.S. For est Ser vice also man ages 20 named grass lands on 3.8 mil lion acres and about 4,348 miles of the wild and sce nic river sys tem.

U.S. Fish and Wildlife Service

The U.S. Fish and Wild life Ser vice man ages 88.6 mil lion acres of fed er ally owned lands held pri mar ily for wild life con ser va tion. It has five goals:

- Pre serve, re store and en hance in their natural ecosys tems, all spe cies of an i mals and plants en dan gered or threatened.
- Perpetu ate the mi gra tory bird re source.

- Pre serve a natu ral di ver sity and abun dance of fauna and flora.
- Pro vide an un der stand ing and ap pre ci a tion of fish and wild life ec ol ogy.
- Pro vide ref uge vis i tors a safe, whole some and en joy able rec re a tional ex pe ri ence ori en ted to ward wild life.

The U.S. Fish and Wild life Ser vice sub di vides its man age ment re

spon si bil ity into the fol low ing cat e gories:

- “Na tional Wild life Ref uges” (521 sites on 87.6 mil lion acres).
- “Ref uge Co ordi na tion ar eas” (50 sites on 197,049 acres).
- “Wa ter fowl Pro duc tion ar eas” (200 sites on 715,200 acres).
- “Fisheries Re search Cen ters” (83 sites on 16,083 acres).
- “Wild and Sce nic Rivers” (8 rivers to tal ing 1,258 miles in length).

National Park Service

The Na tional Park Ser vice man ages 77.9 mil lion acres of fed er ally owned lands. These lands are set aside to con serve scen ery, na ture, his toric ob jects and wild life so that cur rent and fu ture gen er a tions of Amer i cans can en joy them.

Other types of park ar eas in clude: na tional rivers, park ways, na tional lake shores, his toric parks, sce nic trails, wild and sce nic rivers, mil i tary parks, re serves, and bat tle fields.

Summary of Acreage

(In millions of acres)

Acreage

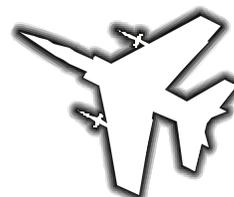
Type of Park Area:

National parks	49.6
National preserves	21.4
National recreation areas	3.4
National monuments	1.9
National seashores	0.5
Other park areas	1.1
Total acres	77.9

Department of Defense

The De part ment of De fense uses 16.7 mil lion acres of fed er ally owned land for mis sion es sen tial pur poses in clud ing:

- Mil i tary bases
- In stall a tions
- Training ranges



Bureau of Reclamation

The Department of Interior's Bureau of Reclamation (BOR) manages 5.8 million acres of Stewardship land. These lands were withdrawn from the public domain in support of BOR's mandate to provide irrigation water, industrial water, flood control and power. However, if it does not interfere with project purposes, activities such as boating and camping, fish and wildlife management or the grazing of livestock may be authorized.

Heritage Assets

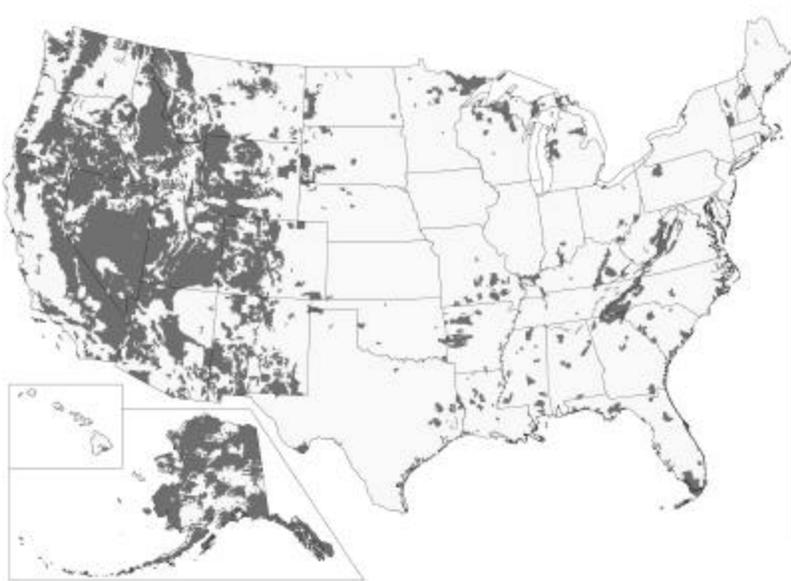
The Federal Government inventories, preserves and interprets vast numbers of heritage assets for the benefit of the American public. These assets encompass many of the Nation's most precious historic, natural and cultural resources. Heritage assets are unique property, plant and equipment with:

- Historic or natural significance.
- Cultural, educational or artistic importance.
- Significant architectural characteristics.

The public entrusts the Government with these assets and holds it accountable for their preservation. Examples of heritage assets include the Washington Monument, Declaration of Independence, Yosemite National Park and museum objects on display at the Smithsonian Institution.

The following discussion of the Government's heritage assets is not all-inclusive. Rather, it highlights

Federal Stewardship Land



Source: National Atlas of the United States of America, U.S. Geological Survey

significant heritage assets reported by Federal agencies.

The Government classifies heritage assets into three broad categories:

- Collection-type
- Natural
- Cultural

Collection-type heritage assets include objects gathered and maintained for museum and library collections. Natural heritage assets in-

clude national wilderness areas, wild and scenic rivers, natural landmarks, forests and grasslands. Cultural heritage assets include historic places and structures, memorials and monuments, national cemeteries, and archeological sites.

See the Stewardship Land section for the total acreage of some natural heritage assets such as National Forests.

Collection-type Heritage Assets

The Smithsonian Institution holds some of the most prominent Federal museum collections. The Smithsonian acquires, protects and preserves approximately 140 million individual objects for public exhibition, education and research.

Similarly, the Library of Congress holds the world's largest library collection. That collection comprises more than 115 million items. The Library receives two copies of every book, pamphlet, map, print, photograph and piece of music registered for copyright in the United States.

The National Archives holds more than 2 million cubic feet of records. These records ensure ready access to essential information documenting the rights of citizens, actions of Federal officials and the effects of those actions on the national experience. These records include text and legislative records; cartographic and architectural records; motion picture, sound and video records; and still pictures and graphics. The National Archives also maintains historically important documents such as the U. S. Constitution and the Louisiana Purchase Treaty.



Natural Heritage Assets

Congress has designated several "wilderness areas" to preserve their natural conditions. The Department of the Interior manages 255 of these wilderness areas comprising 66.5 per cent of the Nation's 103.7 million wilderness acres. The Cebolla Wilderness in New Mexico is one such area.

The "National wild and scenic rivers system" includes protected free-flowing rivers. The Government protects these areas because of their fish and wild life, or for their scenic, recreational, geologic, historic or cultural value. The Department of the Interior manages 54 per cent of these

10,947 river miles, including the Bluestone National Scenic River in West Virginia.

The Government also sets aside natural landmarks that exemplify a region's natural characteristics. The National Park Service identifies 587 national natural landmarks, such as the Garden of the Gods in Colorado.

The U.S. Forest Service manages 155 National Forests and 20 national grasslands on over 192.0 million acres. These areas encompass significant heritage resources. Examples include the White Mountain National Forest in New Hampshire and the Thunder Basin National Grassland in Wyoming.

Cultural Heritage Assets

The National Register of Historic Places lists historic places and structures. This is America's official list of cultural resources worthy of preservation. Official properties include districts, sites, buildings, structures and objects significant to American history. It also includes significant architectural, archaeological engineering and cultural properties. Forest Service land encompasses 887 such properties.

The Nation's monuments and memorials include the Washington Monument, the Vietnam Veterans Memorial and the Jefferson Memorial in Washington, D.C. The National Park Service manages these. Also, the American Battle Monuments Commission manages 27 me-

morials, monuments and markers around the world. This includes the Belleau Wood Marine Monument in France.

Archaeological sites contain the remains of human activity. The Department of the Interior manages over 290,000 archaeological sites. The ancient earthen mounds at the Hopewell Culture National Historic Site in Ohio are notable examples.

National cemeteries include the Arlington National Cemetery in Virginia and the Fort Logan National Cemetery in Colorado. The Department of the Army manages the Arlington National Cemetery. The Department of Veterans Affairs manages Fort Logan National Cemetery and 118 other cemeteries.

Stewardship Responsibilities

Stewardship Responsibilities provides information on the largest Social Insurance programs: Social Security, Medicare, Railroad Retirement, Black Lung and Unemployment Insurance. Its purpose is to assist the American people in evaluating the financial condition and sustainability of these programs.

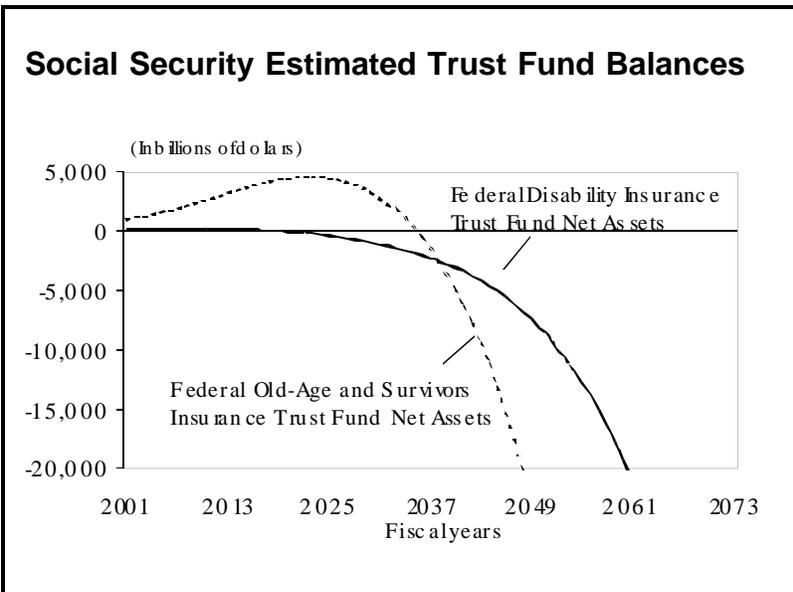
Social Security

Congress passed the Social Security Act in 1935. The Act, as subsequently amended, includes programs that provide retirement and disability benefits.

Congress established two trust funds for Social Security: The Federal Old-Age and Survivors Insurance (OASI) and the Federal Disability Insurance (DI) Trust Funds (OASDI). OASI pays retirement and survivors benefits and DI pays benefits to disabled workers.

Revenue to OASDI consists primarily of taxes on earnings paid by employees, their employers and the self-employed. OASDI also receives revenue from the income taxes on its investments in Federal debt securities. Social Security revenues not needed to pay current benefits or administrative expenses are invested in special-issue Federal debt securities. Those securities are guaranteed as to both principal and interest and backed by the full faith and credit of the Government.

The Board of Trustees of the OASI and DI Trust Funds provides in its



Annual Report to the President and Congress short-range (10 year) and long-range (75 year) actuarial estimates of each trust fund. Because of the inherent uncertainty in estimates for 75 years into the future, the Board of Trustees uses three alternative sets of economic and demographic assumptions to show the range of possibilities. Assumptions are made about many economic, and demographic factors, including gross domestic product, earnings, the Consumer Price Index (CPI), the unemployment rate, the fertility rate, immigration, mortality, and disability incidence and terminations. The assumptions used in the accompanying tables generally referred to as the "intermediate assumption," reflect the best estimate of expected future experience, under current law.

The present values of actuarial estimates were computed as of January 1, 1999, the beginning of the valuation period. The actuarial estimated contributions equal the sum of the present value of all estimated non-interest income during the period. The actuarial estimated expenditures equal the sum

of the present value of all estimated payments during the valuation period. These estimates were prepared using the financing method deemed the most appropriate by both Congress and the Board of Trustees. Estimates assume the program will cover future workers as they enter the labor force.

Under current legislation and using intermediate assumptions, the DI and OASI Trust Funds are projected to be exhausted in 2020 and 2036 respectively. Combined OASDI expenditures will exceed current tax income beginning in 2014 and will exceed total current income (including current interest income) for calendar years 2022 and later. Thus, current tax income plus a portion of annual interest income will be needed to meet expenditures for the years 2014 through 2021. Thereafter, in addition to current tax income and current interest income, a portion of the principal (combined OASDI assets) will be needed each year until the trust fund assets are totally exhausted in 2034. At that point, current tax income will be sufficient to pay only approximately 71 percent of the benefits due.

Social Security, cont.

Social Security Present Value Estimates for the Period of 75 Years into the Future, as of January 1, 1999

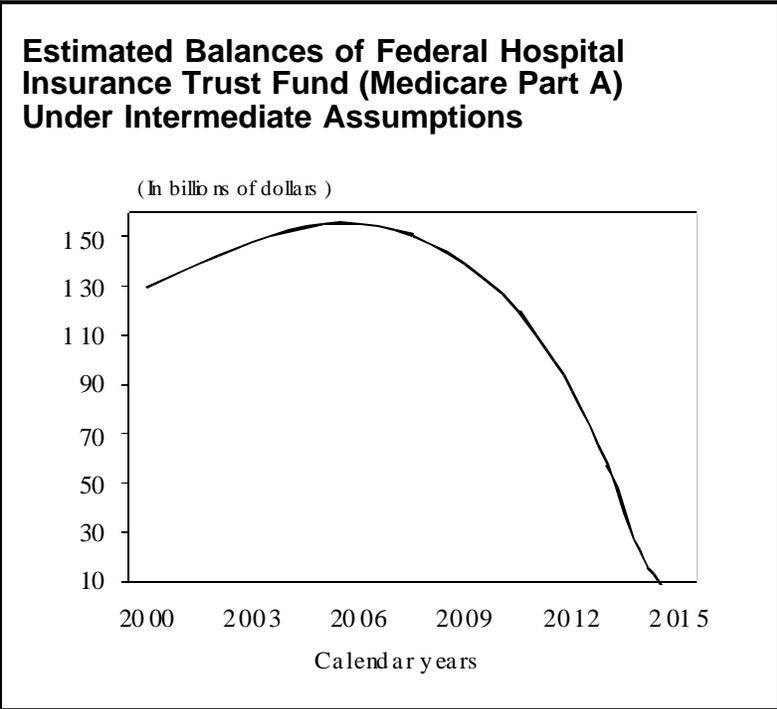
(In billions of dollars)

	OASI	DI	OASDI
Present value of contributions to December 31, 2074	16,830	2,763	19,593
Present value of expenditures to December 31, 2074	19,925	3,366	23,291
Present value of future resources needed	3,095	603	3,698
Less: Net assets of Social Security as of January 1, 1999	682	81	763
Present value of additional resources needed	2,413	522	2,935

Medicare

Federal Hospital Insurance Trust Fund revenue consists primarily of taxes on earnings paid by employees, their employers and the self-employed. The fund also receives revenue from part of the taxation of Social Security benefits and from interest on its investments in Federal debt securities. Revenues not needed to pay current benefits of the Federal Hospital Insurance program (Medicare Part A) or administrative expenses are invested in special issue Federal debt securities. These securities bear a market rate of interest and are guaranteed both as to principal and interest. In addition, the securities are backed by the full faith and credit of the U.S. Government.

The present values of actuarial estimates were computed as of the beginning of the valuation period, September 30, 1999. The contributions consist of the sum of the present value of various program income items expected to be received through fiscal 2074. The expenditure consists of the sum of the present value of estimated payments through fiscal 2074, claims incurred through September 30, 1999, that were unpaid as of that date, and administrative expenses related to those claims. Under intermediate assumptions from the



1999 Trustees Report, and legislation in place at the time, the fund is projected to be exhausted in the calendar year 2015.

Appropriations as well as premiums paid by medical beneficiaries finance the benefits and administrative expenses of the Federal Supplementary Medical Insurance (SMI) program (Medicare Part B). The Balanced Budget Act of 1997 provides that the monthly premium be set to cover 25 per cent of the Medicare Part

B program's estimated cost of each calendar year's estimated Federal Supplementary Medical Insurance program costs.

Medicare Part B has a surplus of \$35.2 billion. This represents the estimated book value amount of the Federal Supplementary Medical Insurance Trust Fund as sets as of September 30, 1999, less unpaid benefits and related administrative expenses incurred through September 30, 1999.

**Medicare Part A (Hospital Insurance)
Present Value Estimates
for the Period of 75 Years into the Future,
Beginning September 30, 1999**

(In billions of dollars)

Present value of contributions to the year 2074	6,538.6
Present value of expenditures to the year 2074	9,615.2
Present value of future resources needed	3,076.6
Less: Net assets in Federal Hospital Insurance Trust Fund as of September 30 (Note 19)	141.4
Present value of additional resources needed	<u>2,935.2</u>



**Medicare Part B (Supplementary Medical Insurance) Balances
as of September 30, 1999**

(In billions of dollars)

Total Federal Supplementary Medical Insurance Trust Fund assets (Note 19)	45.6
Total unpaid benefits	10.4
Excess of trust fund assets over unpaid benefits	<u>35.2</u>

Railroad Retirement

Railroad retirement pays full annuities when eligible persons reach age 65 with 10 years of service or age 62 with 30 years of service. It pays reduced annuities to eligible beneficiaries who are age 62 with 10 to 29 years of service, or age 60 with 30 years of service. The Railroad Retirement program pays disability annuities based on total occupational disability. It also pays annuities to divorced spouses, remarried widow(er)s, surviving divorced spouses, children and parents of deceased railroad workers. Medicare covers qualified railroad retirement

beneficiaries in the same way as Social Security beneficiaries.

The Railroad Retirement Board (RRB) and Social Security Administration (SSA) share jurisdiction over the payment of retirement and survivors benefits. RRB has jurisdiction over the payment of retirement benefits if the employee had at least 10 years of railroad service. Additionally, for survivor benefits, RRB requires that the employee's last regular employment before retirement or death was in the railroad industry. If a railroad employee or his or her survivors do not qualify for railroad retirement

benefits, the RRB transfers the employee's railroad retirement credits to SSA. SSA treats them as Social Security credits.

Payroll taxes paid by railroad employers and their employees provide the primary source of income for the Railroad Retirement-Survivor Benefit program. By law, railroad retirement taxes are coordinated with Social Security taxes. Employees and employers pay tier I taxes at the same rate as Social Security taxes. Tier II taxes finance railroad retirement benefit payments that are higher than Social Security levels.

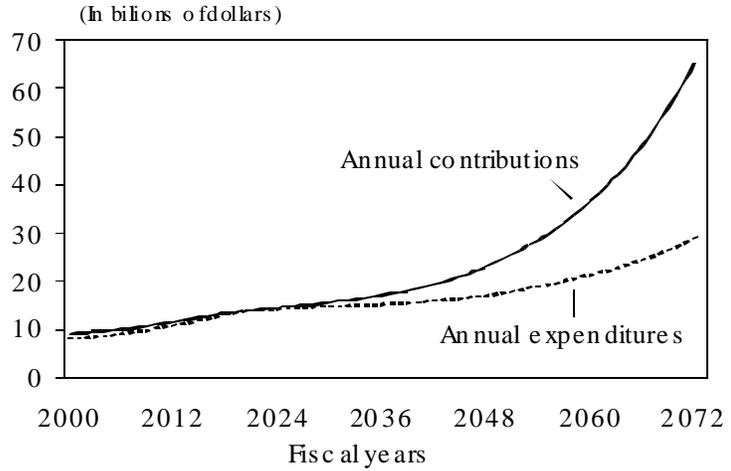
Railroad Retirement, cont.

Other sources of program income include:

- Financial interchanges with the Social Security trust funds.
- Interest on investments.
- Revenue resulting from Federal income taxes on railroad retirement benefits.
- Appropriations (provided after 1974 as part of a phase-out of certain vested dual benefits).

The net book value of assets in the Railroad Retirement Account at September 30, 1999, was \$21.9 billion.

Railroad Retirement Account Estimated Activity



Railroad Retirement Account Present Value Estimates for the Period of 75 Years into the Future, Beginning September 30, 1999*

(In billions of dollars)

Present value of contributions to December 31, 2074	66.5
Present value of expenditures to December 31, 2074	<u>75.5</u>
Present value of excess estimated expenditures over estimated contributions	<u>9.0</u>
Assets in the Railroad Retirement Account as of September 30, 1999	<u>21.9</u>

*These figures take into account future entrants as well as for mer and present employees.



Black Lung Benefits

The Black Lung Disability Benefits program compensates eligible coal miners who are disabled because of employment-related pneumoconiosis (black lung disease). The program provides both medical and survivor benefits. Under Part C, the Black Lung Disability Trust Fund (BLDTF) provides benefit payments to eligible disabled miners when no responsible mine operator can be assigned the liability. The Department of Labor (Labor) operates Part C of the Black Lung Disability Benefits program.

Excise taxes on coal mine operators, based on the sale of coal, partially fund the black lung disability payments and the related administrative and interest costs. Intragovernmental advances to the Black Lung Disability Trust Fund, which must be repaid with interest, fund the shortfall.

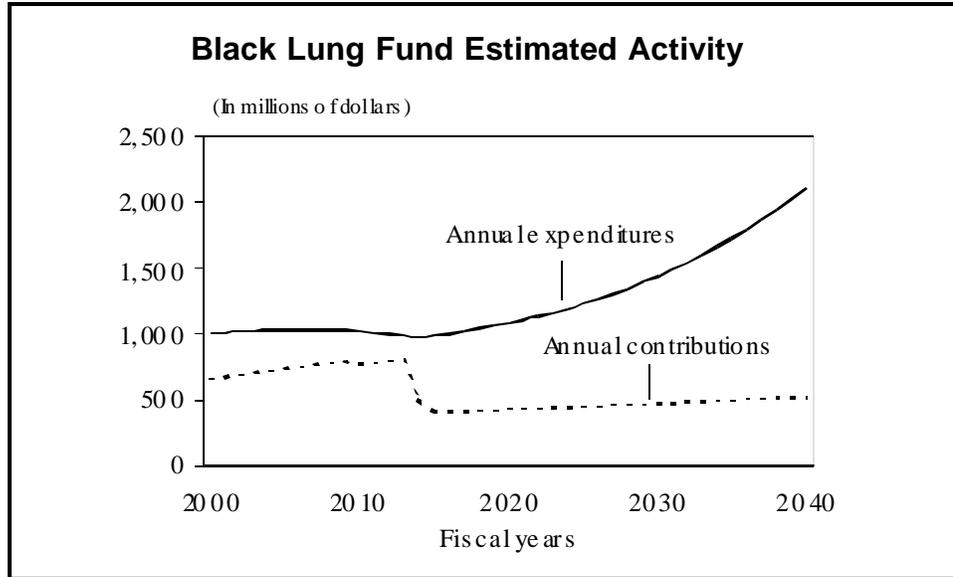
Under current conditions, analysts project that scheduled reduction in taxes on coal sales will decrease cash

inflows for the year 2014 and beyond. Between the years 2013 and 2015, projections estimate a 49-percent decrease in excise tax collections. By the year 2040, the rate reduction is expected to decrease cash inflows by a total of more than \$12.6 billion.

To address the Black Lung Disability Trust Fund's growing deficit problem, the fiscal 2001 budget states that the Administration will propose legislation that will restructure the

BLDTF debt and extend excise taxes at current rates.

The total liabilities (net borrowings from Treasury to cover benefit payments) of the Black Lung Disability Trust Fund exceed assets by \$6.3 billion. This deficit represents the accumulated shortfall of excise taxes necessary to meet benefit payments and interest expenses. Intragovernmental advances, which the Trust Fund must repay with interest, finance the shortfall.



Black Lung Disability Trust Fund Present Value Estimates for the Period of 41 Years into the Future, Beginning September 30, 1999

(In billions of dollars)

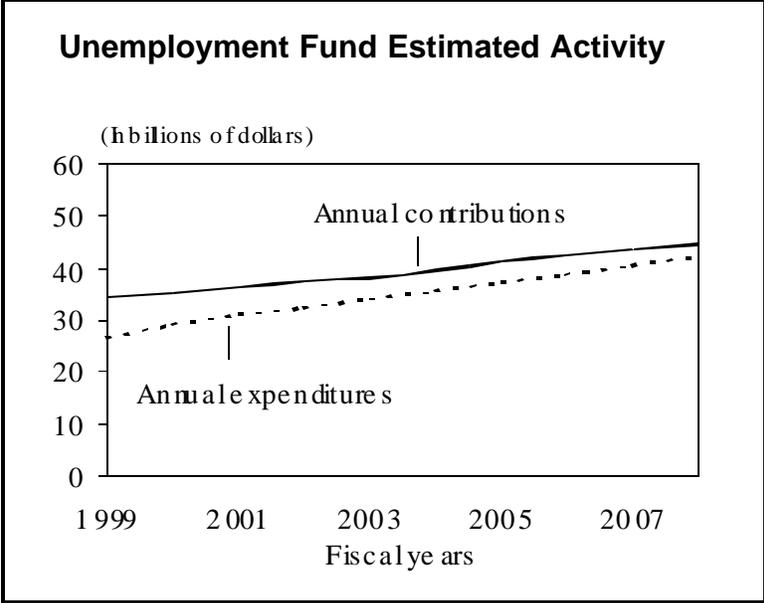
Present value of contributions to September 30, 2040	9.4
Present value of expenditures to September 30, 2040	16.7
Present value of excess estimated expenditures over estimated contributions	<u>7.3</u>
Excess of liabilities over assets in the Black Lung Disability Trust Fund as of September 30, 1999	<u>(6.3)</u>

Unemployment Insurance

Congress created the Unemployment Trust Fund in 1935. The Fund provides income assistance to unemployed workers who have lost their jobs through no fault of their own. A unique system of Federal and State partnerships administers the Unemployment Insurance program. Although established by Federal law, State officials execute the program. Labor provides broad policy guidance and program direction. State unemployment insurance statutes establish local program details, which they administer.

Federal and State unemployment taxes paid by employers finance the Unemployment Trust Fund. The Government deposits those funds in the Unemployment Trust Fund and reports the income as Federal tax revenue.

Total Unemployment Trust Fund assets exceeded liabilities by \$78.9 billion. This balance approximates the accumulated surplus of tax revenues and the earnings on these revenues. This surplus remains available to supplement future benefit payments if and when annual revenues become insufficient. Treasury invests the surplus in Federal debt securities.



Unemployment Trust Fund Present Value Estimates in Nominal Dollars for the Period of 9 Years into the Future, Beginning September 30, 1999

(In billions of dollars)

Present value of contributions to September 30, 2008	296.1
Present value of expenditures to September 30, 2008	<u>262.3</u>
Present value of excess estimated contributions over estimated expenditures	<u>33.8</u>
Excess of assets over liabilities in the Unemployment Trust Fund as of September 30, 1999 (Note 19)	<u><u>78.9</u></u>

Stewardship Investments

Stewardship Investments focus on Government programs aimed at providing long-term benefits by improving the Nation's productivity and enhancing economic growth. These investments can be provided through direct Federal spending or grants to State and local governments for cer-

tained education and training programs, research and development, and federally financed but not federally owned property, such as bridges and roads. When incurred, these investments are included as expenses in determining the net cost of operations.

Non-Federal Physical Property

The Federal Government makes grants and provides funds for the purchase, construction and/or major renovation of State and local government physical properties.

The Federal Highway Administration reimburses States for construction costs on projects related to the Federal Highway system. Improvements to national highways, interstate systems, surface

transportation as well as congestion mitigation and air quality improvement are backed by these efforts. States contribute 10 percent of the cost for interstate system improvements and 20 percent of costs for other construction.

The Environmental Protection Agency (EPA) provides infrastructure assistance to State and tribal governments. This assistance is in the form of grants for the construction of wastewater and drinking water treatment facilities and groundwater protection.

Meanwhile, formula grants assist urban and non-urban areas. States and localities use these grants for a variety of mass transit purposes including planning, con-

struction of facilities, and purchases of railcars and buses. Funding also pays for transportation for the elderly and disabled.

The Federal Aviation Administration's (FAA's) Air Transportation program provides funding to sustain the current infrastructure and advances modernization and improvement of the National Airspace system.

General Transit Administration discretionary grants provide capital assistance to finance acquisition, construction, reconstruction and improvement of facilities and equipment. Discretionary grants fund the categories of new starts, fixed guidance modernization and bus and bus-related activities.

Investments in Non-Federal Physical Property for the Period Ended September 30

(In billions of dollars)

Highway program	22.9
Water infrastructure grants, Environmental Protection Agency	2.2
Formula grants	2.1
Air transportation	1.6
General Transit Administration	1.5
Economic Development Administration	0.4
Washington Metro	0.2
Investments from all other programs	0.3
Fiscal 1999 investments in non-Federal physical property	<u>31.2</u>

Human Capital

The Fed eral Gov ern ment runs sev eral pro grams that in vest in hu man cap i tal. Those in vest ments go to ward in creas ing and main tain ing a health y econ omy by edu cat ing and train ing the gen eral pub lic. Costs do not in clude train ing ex penses for Fed eral work ers.

Education Grants and Administrative Programs

Edu ca tion grant ac ti vities cov er im prove ments of both pub lic and pri vate pre school and sec ond ary edu ca tion; as sis tance to post-sec ond ary edu ca tional in sti tu tions and stu dents pur su ing a post-sec ond ary edu ca tion; pro grams that as sist in edu cat ing chil dren and adults with spe cial needs and dis abil i ties; bi lin gual edu ca tion; and vo ca tional-techni cal edu ca tion.

Employment and Training Administration

The De part ment of La bor pro vides job train ing for the gen eral pub lic to in crease and main tain na tional eco nomic pro duc tive ca pac ity. Pro grams in clude: adult em ploy ment and train ing; dis lo cated worker em ploy ment and train ing; youth train ing; school-to-work op por tu ni ties; Job Corps; train ing pro grams for Na tive Amer i cans and mi grant and sea sonal farm work ers.

Federal Family Education Loan Program

The Fed eral Fam ily Edu ca tion Loan pro gram op er ates with State and pri vate non profit guar an ty agen cies to pro vide loan guar an tees and in ter est sup ple ments on loans by pri vate lend ers to eli gible stu dents at tend ing partic i pat ing post-sec ond ary schools.

Veterans Benefits Administration

This agen cy pro vides train ing to as sist dis abled vet er ans to be come em

ploy able. Edu ca tional as sis tance also is pro vided to vet er ans un der the GI bill.

National Institute of Health (NIH)

The NIH Re search and Train ing and Ca reer De vel op ment pro gram ad dresses the need for trained per son nel to con duct med i cal re search. The pri mary goal is to pro duce highly trained in ves ti ga tors who are likely to per form re search that will ben e fit the Na tion's health.

Veterans Health Administration

This agen cy pro vides edu ca tion and train ing ef forts for health pro fes sion stu dents and res i dents through part nerships with af fil i ated ac a demic in sti tu tions.

Bureau of Indian Affairs

This agen cy pro vides edu ca tion and Job Corps pro grams.

Investments in Human Capital for the Period Ended September 30

(In billions of dollars)

Education grants and administrative programs	31.5
Employment and training administration	5.5
Federal family education loans program	3.1
Veterans Benefits Administration	1.6
National Institutes of Health	0.8
Veterans Health Administration	0.7
Bureau of Indian Affairs	0.5
Investments from all other programs	1.3
	45.0
Fiscal 1999 investments in human capital	45.0

Research and Development

Fed eral in vest ments in re search and de vel op ment com prise those ex penses for ba sic re search, ap plied re search and de vel op ment that are in tended to in crease or main tain na tional eco nomic pro duc tive ca pac ity or yield other fu ture ben e fits.

In vest ments in ba sic re search are a sys tem atic study to gain knowl edge

or un der stand ing of the fun da men tal as pects of phe nom e na and of ob serv able facts with out spe cific ap pli ca tions to ward pro cesses or prod ucts in mind.

In vest ments in ap plied re search are a sys tem atic study to gain knowl edge or un der stand ing nec es sary for de ter

min ing the means by which a rec og nized and spe cific need may be met.

In vest ments in de vel op ment are sys tem atic use of the knowl edge and un der stand ing gained from re search for the pro duc tion of use ful ma te ri als, de vices, sys tems, or meth ods, in clud ing the de sign and de vel op ment of pro to types and pro cesses.

Research and Development, cont.

Investments in Basic Research for the Period Ended September 30

(In billions of dollars)

National Institutes of Health	7.9
Department of Energy	2.5
Science, Aeronautics and Technology	1.8
Department of Defense	1.1
Environmental Protection Agency	0.6
Agricultural Research	0.4
Cooperative State Research, Education and Extension Service	0.2
Investments from all other programs	1.1
Fiscal 1999 investments in basic research	<u>15.6</u>

Investments in Applied Research for the Period Ended September 30

(In billions of dollars)

National Institute of Health	3.9
Department of Defense	3.0
Science, Aeronautics and Technology	2.6
Department of Energy	2.0
National Oceanic and Atmospheric Administration	1.0
U.S. Geological Survey	0.7
Investments from all other programs	3.0
Fiscal 1999 investments in applied research	<u>16.2</u>

Investments in Development for the Period Ended September 30

(In billions of dollars)

Department of Defense	31.9
Science, Aeronautics and Technology	2.7
Human Space Flight	2.5
Department of Energy	2.2
National Institutes of Health	1.7
Investments from all other programs	0.4
Fiscal 1999 investments in development	<u>41.4</u>

Current Services Assessment

The Current Services Assessment table shows the Office of Management and Budget's (OMB's) estimated receipts, outlays, and surplus or deficit in the budget if no changes are made to laws that are already enacted. Receipts and mandatory outlays, such as Social Security benefits and net interest, involve ongoing activities that generally operate under permanent legal authority authorized by legislation. The current services estimates of receipts and mandatory spending assume that receipts and mandatory spending continue in the future as specified by current laws. The current services estimates for discretionary spending assume discretionary funding for fis-

cal 2000 equals appropriations enacted by Congress. It also assumes that discretionary funding for subsequent years holds constant in real terms. Because laws already enacted provide the bases for current services estimates, they do not constitute a proposed budget, nor do they predict the most likely budget outcomes.

The current services estimates may be used to assess the sustainability of programs under current law. That is, they may be used to project if future resources can sustain public services and meet obligations as they come due. In this way, they can warn of future problems inherent in current law.

They also can provide a benchmark against which tax and spending proposals can be compared. Current services estimates are useful in assessing the magnitude of proposed changes. Also, they can provide an analytical perspective of Government by showing the short- and medium-term direction of current programs.

The following schedule presents the actual budget results for fiscal 1999 and the current services estimates for all Federal taxes and spending programs for the subsequent 6 years. It shows receipts by source and outlays by function. The estimates for these years are identical to the current services estimates in the President's budget for fiscal 2001. The following estimates are based on the same economic, programmatic and other technical assumptions as the current services estimates document.

Current Services Assessment Receipt and Outlay Estimates as Presented in the President's Budget

(In billions of dollars)	Base Fiscal Year 1999	2000	2001	2002	2003	2004	2005
Receipts:							
Individual income taxes	879	952	978	1,006	1,040	1,086	1,143
Corporate income taxes	185	192	190	190	192	196	205
Social Insurance and retirement receipts	612	650	683	713	742	771	814
Excise taxes	70	68	69	71	72	74	76
Other receipts	81	94	90	100	105	111	112
Total receipts	1,827	1,956	2,010	2,080	2,151	2,238	2,350
Outlays:							
National defense	275	284	295	300	309	318	326
Social Security	390	407	426	446	469	493	520
Medicare	190	203	221	227	245	259	281
Income Security	238	249	261	274	286	297	310
Health	141	154	166	179	191	205	220
Veteran benefits and services	43	45	48	49	52	54	58
Education, training, employment and social services	56	63	69	70	72	74	76
Transportation	43	47	48	50	51	53	55
Other programmatic functions	137	148	143	139	141	143	145
Net interest	230	220	208	198	189	176	161
Undistributed offsetting receipts	(40)	(43)	(46)	(49)	(47)	(47)	(49)
Total outlays	1,703	1,777	1,839	1,883	1,958	2,025	2,103
Unified surplus	124	179	171	197	193	213	247

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